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SUBJECT: SERBIA: ATTACKS ON G-17 PLUS CREATE UNCERTAINTY IN GOVERNING COALITION

REF: BELGRADE 1222

Summary

¶1. (SBU) A rising crescendo of public criticism of G-17 Plus leader Mladjan Dinkic and high-profile party appointees such as the director of Belgrade "Nikola Tesla" airport has prompted speculation that some within President Tadic's Democratic Party are seeking to oust G-17 Plus from the government. Dinkic and his senior party leaders maintain that the attacks are being organized by those interested in concluding the NIS energy deal with Russia as soon as possible, and that there is no threat to G-17 Plus' position within the governing coalition. End Summary.

Airport Manager Resigns

¶2. (U) In late November a drumbeat of criticism of Belgrade Airport General Manager Bojan Kristo, a G-17 Plus appointee, culminated in parliamentary debate on November 25. The opposition Serbian Radical Party (SRS), New Serbia (NS), Democratic Party of Serbia (DSS), and Liberal Democratic Party (LDP) called on the government to dismiss Kristo for paying himself a monthly salary of \$4,680 and a \$14,950 bonus in June. They also criticized Kristo for paying bonuses of \$5,850 to seven other top officials of the publicly-owned airport. Kristo resigned on November 26.

¶3. (SBU) Given the relatively small sums of money involved in a country where large-scale corruption scandals are common, many observers saw the campaign to oust Kristo as a proxy war against governing coalition member G-17 Plus and its outspoken leader, Deputy Prime Minister and Minister of Economy Mladjan Dinkic. Aviation professionals, on the other hand, agree that Kristo had no qualifications whatsoever to be director of the airport and that had had been responsible for the airport's lack of development. They blamed the political "key" process for inflicting political appointees into professional positions in exchange for support for the coalition. G-17's announced plans to refill the position based on merit were welcomed by the professionals.

Media Attacks on Dinkic

¶4. (U) Dinkic appeared on the popular B-92 program "Utisak Nedelje" (Impression of the Week) on November 30 to discuss the Kristo issue. He also raised the numerous articles attacking him that "Kurir" and other right-wing tabloids have published over the past several months, displaying about twenty newspapers with incendiary headlines. Dinkic named the controversial owner of the "Kurir" and "Glas" tabloids, Radisav Raja Rodic, and "mafia-journalist" Gradisa Katic as executing the campaign. (Katic, the former editor-in-chief of the weekly tabloid "Identitet," was arrested in 2003 in Operation

Saber, the organized crime roundup conducted after the assassination of former PM Zoran Djindjic. Katic was accused of working for the Zemun Gang, which organized the murder in cooperation with rogue elements of the special operations police unit.)

¶5. (U) The program's host commented that the tone of the attacks against Dinkic was as vicious as the campaign against Djindjic just before his assassination. Dinkic alleged that unreformed parts of Serbian Intelligence Agency (BIA), Russian interests, some tycoons, and "persons with warrants against them" were behind the attacks, due to his efforts to drive a better bargain with Russia on the NIS energy deal (reftel). He said that a recent meeting with President Tadic had resolved his initial fears that an effort was underway to oust G-17 Plus from the governing coalition.

¶6. (U) Dinkic's lawyer Zeljko Ristic told "Politika" on December 2 that Dinkic had met with State Prosecutor Slobodan Radovanovic on November 24 in order to discuss the attack articles, including some which accused him of committing criminal acts. According to Ristic, Dinkic asked Radovanovic to examine the veracity and soundness of the articles.

Party Line: It's all about the Energy Agreement

¶7. (SBU) Foreshadowing Dinkic's public comments, G-17 Plus Executive Board president Tomislav Damnjanovic told us on November 26 that the campaign against Kristo was politically motivated and linked to the NIS energy deal with Russia, noting that G-17 Plus was still against the specifics of the agreement. Damnjanovic said that although the SRS, NS, and DSS had led the charge against Kristo in Parliament, other parties were also involved in the attacks. "Look at what parties within the coalition want the gas deal" to be

concluded, he said (read: DS and SPS). Damnjanovic asserted that the governing coalition remained stable despite the current tensions.

¶8. (SBU) In a December 1 meeting, G-17 Plus party whip Suzana Grubjesic also linked the Kristo affair and the media campaign against Dinkic to the NIS energy deal. She described both as part of a broader campaign directed by presidential media advisor Nebojsa Krstic to undermine Dinkic and sideline him from the negotiations with Russia, commenting that she "did not buy" Dinkic's insinuation on "Utisak Nedelje" that high levels of DS were not involved.

¶9. (SBU) When asked whether the campaign against Dinkic represented an effort to oust G-17 Plus from the government, Grubjesic said that it was impossible to know who all was involved or what their goals were. She told us that she had long wanted G-17 Plus to provide minority support rather than participate in a government with the SPS and controversial Jagodina Mayor Palma's United Serbia (JS), but "for now" she was still in the minority within her own party; she thought that as time went by and the dynamics of government prevented her party from fulfilling its campaign promises (most notably infrastructure funding), the mood within G-17 Plus might shift.

Alternate Version: Tadic Wants G-17 Plus Out

¶10. (SBU) Despite G-17 Plus' denials, there is much speculation among the Belgrade chattering classes that the Kristo affair is the opening salvo in an effort to remove Dinkic's party from the governing coalition, to be replaced either by Cedomir Jovanovic's LDP or Tomislav Nikolic's Serbian Progressive Party (SNS). (Comment: This choice arguably constitutes one of this century's oddest Serbian political quandaries, with LDP representing the extreme left and SNS the extreme right of the political spectrum. End Comment.) LDP MP Ivan Andric told us that during a mid-November meeting with "Otpor" founders in which he participated, President Tadic complained about how difficult it was to deal with G-17 Plus and the Pensioners' Party, and floated the idea of early elections to consolidate the Democratic Party's rising popularity.

¶11. (SBU) Former G-17 Plus vice president Cedomir Antic echoed this interpretation of events to us on December 2, claiming that Nikolic

had been referring to G-17 Plus in recent comments to the press when he said that the SNS was ready "to help the DS if it gets rid of the mobsters" in the government. Antic estimated that there is a 10-30% chance of new elections in the spring; he believed the limiting factor would be the difficulty in explaining to the IMF why new elections were necessary during an economic crisis. Before the Kristo affair became public, G-17 Plus deputy whip Vlajko Senic also intimated privately to us that there were "negative dynamics" in the relationship with DS.

Comment

¶12. (SBU) Given the penchant for political intrigue within DS leadership it would not be a surprise to learn that Tadic was toying with the idea of a coalition reshuffle or early elections. This option clearly would be a disaster for Serbia and would signal the extent to which the President is out of touch with his electorate. Needless political maneuvering continues to monopolize Serbia's politicians' attention and energy, while the government itself is almost completely stalled. The mountain of legislation necessary to move Serbia into the EU has not moved noticeably. Through three elections in 2008 Serbs voted for a European future; their politicians would do well to listen to their people rather than indulging in senseless backroom politics. End Comment.

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